

Message Text

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53

ACTION NEA-12

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

OMB-01 SCI-06 SCEM-02 INT-08 TRSE-00 COME-00 CIEP-02

DRC-01 SSO-00 /205 W

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R 061159Z NOV 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8041

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USINT ALGIERS

USMISSION OECD PARIS

C O N F I D E N T I A L KUWAIT 3956

RABAT FOR SECRETARY

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BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, EFIN, KU

SUBJECT: RECENT OPEC PRICE MEETING: ADDITIONAL DETAILS

REF: (A) KUWAIT 3934 (B) KUWAIT 3937

1. SENIOR KOC OFFICIAL HAS TOLD EMBOFF THAT ALTHOUGH PRECISE AND FINAL DETAILS REMAIN TO BE WORKED OUT ON NEW PRICE FORMULA GENERAL AGREEMENT PROBABLY WAS REACHED AT RECENT OPEC MINISTERS MEETING KUWAIT. HE SAID OPEC GULF STATES HAVE NOT PROBABLY AGREED TO MAINTAIN 1970 (I.E. PRE TEHRAN AGREEMENT) RELATIONSHIP BETWEEN REALIZED PRICES AND POSTED PRICES, BASED ON CURRENT MARKET PRICES WITH ARABIAN LIGHT AS BENCHMARK CRUDE. I.E. 40 PERCENT DIFFERENCE. MARKET PRICE WILL BE DETERMINED FROM GENERAL AND AVERAGE PRICES PAID FOR PARTICIPATION CRUDE. HE THOUGHT IT UNLIKELY THAT SPOT PRICES WOULD BE USED TO DETERMINE MARKET PRICES. IMPORTANT QUESTION IS HOW OFTEN SHOULD PRICE BE MEASURED AND KOC OFFICIAL GUESSED THIS WOULD BE DONE QUARTERLY OR SEMI-ANNUALLY.

2. KOC OFFICIAL SAID COMPANIES HAVE ACCEPTED NEW PRICE ARRANGEMENT UNDER PROTEST AND THEY WILL HAVE OPPORTUNITY HAVE THEIR ARGUMENTS GIVEN FAIR HEARING AT NOVEMBER 17 OPEC MEETING IN VIENNA.

3. ACCORDING "AL JAZEERA TIMES" REPORT SULPHUR PREMIUM WAS DISCUSSED AND PAPER CLAIMS AMUZEGAR OF IRAN TOLD ITS REPORTER THAT QATAR, ABU DHABI AND IRAN HAVE AGREED ON FORMULA TO DETERMINE SULPHUR PREMIUM FOR THEIR COUNTRIES' CRUDES. OTAIBA OF ABU DHABI WAS QUOTED AS SAYING HE WAS URGING COLLEAGUES TO ADOPT SULPHUR PREMIUM RATING FORMULA PRESENTLY BEING USED IN ABU DHABI.

4. LATEST DETAILS RE OPEC MEETING BY SEPTEMBER.
STOLTZFUS

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Message Attributes

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EO Systematic Review
30 JUN 2005

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